

Proposal of the Bloomington Living Wage Coalition – Released on February 9, 2005

AN ORDINANCE

Amending the City Code of Bloomington to require the City and employers who receive City service contracts and/or City assistance of other forms to pay employees at least a minimum living wage and to create procedures for enforcement in the event of violations of this requirement.

Prologue

- Whereas the payment of a living wage to employees of the City of Bloomington, to employees hired to carry out a service contract with the City, and to employees hired to realize the intent of a subsidy by the City will tend to decrease the amount of poverty in the City; and
- Whereas, less poverty will decrease City expenditures and expenditures of other governmental organizations for social welfare programs and other forms of relief; and
- Whereas, the payment of a living wage to those who were near, at, or below the poverty line will tend to increase their ability to be self-sufficient; and
- Whereas, when low income individuals gain the ability to support themselves, all citizens of the City will tend to benefit by living in a community in which there is less illness, better housing, more public involvement, less truancy, and fewer incidents involving criminal justice; and
- Whereas, with increased income, the consumer spending of lower income people will benefit not just themselves but also local businesses; and
- Whereas, a responsible and ethical expenditure of public monies for services and subsidies promotes an economic standard that is reasonable, fair, and conducive to harmonious relations among different groups;

THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF BLOOMINGTON THAT:

Section 1. New Chapter. In the interests of social justice, public harmony, and fiscal responsibility, the Bloomington Municipal Code is hereby amended by inserting Chapter 2.28, which shall be known as the “Bloomington Living Wage Ordinance.”

Section 2. Purpose. Section 2.28.010 shall be inserted into the Bloomington Municipal Code and shall read as follows:

Section 2.28.010. Purpose.

The purpose of the Bloomington Living Wage ordinance is to ensure that the City, City service contractors and subcontractors, and beneficiaries of a City grant, tax abatement or other forms of subsidy or assistance pay a wage sufficient for a working family to meet basic needs in housing, child care, food, clothing, household items, transportation, health care, and taxes.

Section 3. Definitions. Section 2.28.020 entitled “Definitions” shall be inserted into the Bloomington Municipal Code and include the following terms which shall appear in alphabetical order:

‘Applicable Department’ – means the City of Bloomington department or agency responsible for administering the living wage component of a contract for Assistance.

‘Assistance’ shall include a service contract or subcontract, or subsidy as defined in the following paragraphs.

(a) ‘Service Contract or Subcontract’ means:

(1) any agreement worth at least \$10,000 which:

(A) is between the City of Bloomington and another party and primarily pertains to the performance of any of the following services for the City of Bloomington:

- (i) food services on an on-going basis;
- (ii) janitorial and custodial services;
- (iii) security services;
- (iv) parking lot management and attendance;
- (v) waste management;
- (vi) automotive repair and maintenance;
- (vii) landscaping;
- (viii) facility and building maintenance;
- (ix) carpentry;
- (x) clerical and office services;
- (xi) street maintenance and repair;
- (xii) sidewalk construction, maintenance and repair;
- (xiii) laundry services;
- (xiv) pest control;
- (xv) resident and day shelter services; or

(B) requires the performance of a portion of the duties obligated under foregoing agreement, or

(C) is between a Beneficiary of a Subsidy and another party and is for the purpose of operating a social services program funded through a social services subsidy identified under the definition of “Subsidy.”

(2) More than one agreement which, when viewed as whole:

(A) totals at least \$10,000;

(B) provides services set forth in part (a)(1)(A); and

(C) has been divided without a legitimate and compelling business purpose in the event the agreements are between private parties, or without a legitimate and compelling public purpose in the event the City is one of the parties to the agreement(s). A legitimate business or public purpose does not include an intent to pay less than the living wage and a compelling business or public purpose does not include a lack of knowledge of this ordinance.

(b) A ‘Subsidy’ means an award by the City of Bloomington to a person or entity or an aggregation of such awards in any twelve-month period exceeding a total value of \$25,000.

(1) The awards shall include the authorization or approval of benefits under the City’s following economic development funds or programs:

(A) tax abatements pursuant to I.C. 6-1.1-12.1-1 et. seq.,

(B) grants from Business Investment Incentive Loan Fund (BIILF),

(C) expenditures from the Industrial Development Fund which are either in the form of a financial agreement with a developer pursuant to I.C. 36-7-13-18 or in another form that primarily benefits an individual parcel or set of parcels within the Community Enhancement Revitalization District (CRED); and

(2) The awards shall also include the authorization or approval of grants for the operation of agency programs under the:

(A) Community Development Block Grant (CDBG) funds, and

(B) Jack Hopkins Social Services Funding Program.

(3) In the event the award is in the form of a tax abatement,

(A) the period of the tax abatement shall be the earlier of the following two circumstances:

(i) occupation of the building or operation of the equipment subject to the tax abatement, or

(ii) receipt of the tax deduction, and

(B) the value of the tax abatement shall be equal to:

- (i) the average annual amount of taxes foregone over the entire period of abatement if that amount exceeds \$25,000, or
- (ii) the higher of the following amounts as indicated on the tax calculation form provided by the Director of Economic Development:
 - a) the amount of taxes foregone in that one year; or
 - b) the average annual amount of taxes foregone over the entire period of abatement.

(4) In the event the award is under the Business Investment Incentive Loan Fund (BIILF) or the Industrial Development Fund (IDF), then the period and annual value of the award shall be presented in the legislation necessary for Council approval of these Subsidies.

(5) An award shall be valued to the extent that the recipient derives a monetary benefit from the City.

(6) In the event the City develops or pursues new awards under new or existing economic development or social service programs, City officials shall notify the Common Council in order for it to decide whether the award(s) should be included as a Subsidy and, therefore, subject to this ordinance before those awards may be offered.

(7) A monetary benefit to a person or entity shall be considered an award when it is the direct result of an authorization or approval by the City or its officials who had discretion over the identity of the recipient(s) as well as significant terms of the benefit at the time of the decision.

‘Beneficiary’ – means any person or entity receiving Assistance.

‘City of Bloomington’ – means the departments of the City whose budgets are approved by the Common Council. The term, however, does not include the Bloomington Public Transportation Corporation.

‘Covered Employee’ means a person who is employed in a part time, share time, temporary, or full time status who meets the following conditions:

(a) The person is employed by:

- (1) the City of Bloomington,
- (2) a Covered Employer, during a period when a an Economic Development Subsidy is in effect (*see definition of “Subsidy”*); and the person holds a position identified as either retained or created as a result of that subsidy or the person performs duties substantially similar to one of those previously identified positions;

(3) a Covered Employer, during a period when a Social Services Subsidy is in effect (*see definition of “Subsidy”*) and the person performs work operating the program;

(4) a Covered Employer, who has entered into a Service Contract or Subcontract and the person performs work toward fulfilling that contract or subcontract.

(b) The person is not:

(1) employed pursuant to common construction wage laws as long as the employee is paid a Living Wage;

(2) 17 years of age or under, who is hired as part of a school-to-work program or is hired in seasonal or part-time work;

(3) a student who serves in a work-study program or as an intern in a position that advances the student’s career potential;

(4) a trainee participating for not more than six months in a training program;

(5) employed in concert with enrollment in a governmentally funded vocational rehabilitation program; or

(6) a volunteer working without pay.

‘Covered Employer’ means an employer who must pay at least some of its employees a living wage and includes:

(a) The City of Bloomington;

(b) A Beneficiary who is a for-profit entity with at least 10 employees or a not-for-profit entity with at least 15 employees.

‘Tipped Employee’ – Any Covered Employee engaged in an occupation in which he or she customarily and regularly receives tips or gratuities from patrons and others.

Section 4. Amount of Living Wage. Section 2.28.030 shall be inserted into the Bloomington Municipal Code and shall read as follows:

Section 2.28.030 Amount of Living Wage

(a) For all Covered Employees, except Tipped Employees, the Living Wage shall begin at \$8.50 per hour plus the amount by which the employer’s contribution to the

employee's health insurance is less than \$1.50 per hour. For purposes of this ordinance, health insurance shall not include disability insurance and shall be valued at the average amount the employer paid per hour for each employee for health insurance in the previous year or other more accurate measure of such benefit.

(b) The Living Wage for Covered Employees who are Tipped Employees of a Covered Employer shall be the Living Wage for other Covered Employees minus 10% of the annual sales for the employer prorated on an hourly basis per employee.

(c) Inflation adjustment. The \$8.50 per hour component of the Living Wage shall be increased at the beginning of each calendar year by the same percentage that the Consumer Price Index for All Urban Consumers increases during the year ending the previous June 30. The same rule applies to the base \$1.50 per hour for health insurance.

(d) Phase-in and supplemental funds for non-profits

(1) A non-profit organization may receive Assistance for up to two years after the effective date of this ordinance before being obligated to pay the full Living Wage. However, during those two years the non-profit organization shall reduce the gap between its wages and the Living Wage by 15% at the beginning of the first year and by 35% at the beginning of the second year of assistance.

(2) A non-profit organization receiving Assistance may qualify for supplemental funds from the City in any of the first four years after the effective date of the ordinance. To qualify for supplemental funds in a given year it must show to the City Council that its cost of complying with the phase-in under 4(d)(1) of this ordinance during that year would necessitate an important cutback in services. The amount of the supplement shall be no more than one-half of that cost.

Section 5. Applicability of Ordinance. Section 2.28.040 shall be inserted into the Bloomington Municipal Code and shall read as follows:

Section 2.28.040 Applicability of Ordinance.

All Covered Employers who are Beneficiaries of Assistance from the City either in the form of a Service Contract or Subcontract or a Subsidy are subject to this ordinance and shall pay all Covered Employees a Living Wage.

Section 6. Compliance. Section 2.28.050 shall be inserted into the Bloomington Municipal Code and shall read as follows:

Section 2.28.050 Compliance

(a) Application for Assistance. Along with the application for Assistance, the prospective Beneficiary shall submit:

(1) A written commitment to pay all Covered Employees at least a Living Wage pursuant to this Ordinance;

(2) The identity of the program under which Assistance would be awarded, a contact name, the address and phone number for the Beneficiary, and a current workforce profile for the Beneficiary;

(3) Projected wage levels for all Covered Employees, projected employment needs under the anticipated award, and projected net increase or decrease in jobs by job classification and wage rates that will result from awarding the Assistance;

(b) Record keeping

(1) Each Covered Employer shall maintain payrolls for all Covered Employees and basic records relating thereto and shall preserve them for a period of three years. The records shall contain the name and address of each employee, the job title and classification, the number of hours worked each day, gross wages, deductions made and net wages, Social Security records and evidence of payment, employer contribution toward health care, and other data as may be required by the Applicable Department from time to time.

(2) Covered Employers shall on request provide these records and all related payroll records, including payroll tax filings and tax returns, for inspection by the Applicable Department.

(c) Notification. Covered Employers shall provide notice to Covered Employees of this Ordinance. The notice shall be provided by the Applicable Department and distributed by the Covered Employer to all Covered Employees and to be posted conspicuously in areas of the workplace frequented by Covered Employees.

(d) Contract Terms. Covered Employers shall include in all contracts subject to this ordinance a provision approved the Applicable Department which refers the parties to this ordinance and the obligations it imposes upon them.

(e) Retaliation Prohibited. The Covered Employer shall not discriminate in any manner against any employee for making a complaint, participating in the complaint proceedings, or using civil, statutory or collective bargaining remedies to advance their interests under the Ordinance. The City Attorney shall investigate allegations of retaliation or discrimination, ordering appropriate relief if they are found to be true.

Section 7. Enforcement. Section 2.28.060 shall be inserted into the Bloomington Municipal Code and shall read as follows:

Section 2.28.060 Enforcement.

Enforcement of the Ordinance may be based on complaints by Covered Employee complaints of noncompliance or on monitoring for compliance by Applicable Department(s).

(a) Monitoring

(1) The Applicable Department may develop rules to review contract documents to ensure that relevant language and information are included in City request for proposals, agreements and other relevant documents.

(2) The Applicable Department may conduct routine reviews, spot checks and investigations of Covered Employers to ensure compliance.

(b) Complaint process

(1) Any Covered Employee who believes his or her employer is not complying with the Ordinance may file a complaint in writing with the Applicable Department or with the City Controller within a year after the alleged violation.

(2) The Applicable Department shall conduct an investigation of the complaint, during which it may require from the Covered Employer evidence such as may be required to determine whether the Covered Employer has been compliant, and shall make a finding of compliance or noncompliance within a reasonable time after receiving the complaint.

(3) Prior to ordering any penalty, the Applicable Department shall give notice to the Covered Employer. The Covered Employer may dispute a finding of noncompliance by requesting a hearing from the City Attorney within 30 days of the finding. The City Attorney shall appoint a Hearing Officer, who shall affirm or reverse the finding based on evidence presented by the Applicable Department and the Covered Employer.

If at any time during these proceedings, the Covered Employer voluntarily makes restitution of the wages not paid to the Covered Employee, or otherwise remedies the violation alleged, then the Applicable Department shall thereafter dismiss the complaint against the employer.

(b) Remedies

(1) If, after notice of finding and hearing, a Covered Employer is found to be noncompliant, the Covered Employer shall correct violations and

make restitution of wages retroactively to the beginning of the contract term within 15 days, unless otherwise extended by way of agreement between the Covered Employer and Applicable Department.

(2) If violations are not corrected within 15 days or within the timeframe otherwise agreed upon between the Applicable Department and Covered Employee, the City Attorney may do one or more of the following:

(A) freeze the Covered Employer's Assistance, until the Applicable Department determines that the violations have been corrected;

(B) terminate the Covered Employer's Assistance;

(C) order the Covered Employer ineligible for future Assistance for three years or until all restitution has been paid, whichever is longer.

Section 8. Waivers. Section 2.28.070 shall be inserted into the Bloomington Municipal Code and shall read as follows:

Section 2.28.070 Waivers.

Waivers may be granted where application of this chapter to a particular form of Assistance is found by the City Attorney to violate a specific state or federal statutory, regulatory, or constitutional provision or provisions and where the City Council approves the waiver on that basis.

Section 9. Annual Reporting. Section 2.28.080 shall be inserted into the Bloomington Municipal Code and shall read as follows

Section 2.28.080 Annual Reporting.

Each Applicable Department shall file a City Assistance report with the City Controller at the end of each fiscal year, to be forwarded to the City Council, indicating for each contract for Assistance during the year just ending:

(a) The contract's purpose when awarded;

(b) Its cost to the City both in terms of both expenditures by the City for services and revenues not collected by it;

(c) The number of jobs associated with the contract broken down by job classification, wage rate, race, and gender; and

(d) The net increase or decrease in jobs associated with the contract broken down in the same way.

Section 10. Effective Date. This ordinance shall go into effect immediately upon passage by the Common Council, approval by the Mayor and publication. However, it shall apply to Assistance awarded at least 90 days after the ordinance has been published.

Section 11. Severability. If any sections, sentence or provision of this ordinance, or the application thereof to any person or circumstances shall be declared invalid, such invalidity shall not affect any of the other sections, sentences, provisions, or applications of this ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are declared to be severable.